

To: Cambridgeshire and Peterborough Fire Authority

From: Deputy Chief Executive Officer - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren
Telephone 01480 444619
matthew.warren@cambsfire.gov.uk

Date: 16 June 2022

Business Continuity – Financial Contingency Plan

1. Purpose

- 1.1 The purpose of this report is to provide the Fire Authority with an overview of the Service's proposed approach to how it manages business continuity with regards to financial planning.

2. Recommendation

- 2.1 The Authority is asked to note the progress made to date and the proposed timing of next steps (paragraph 4 refers).

3. Risk Assessment

- 3.1 **Political** – the political impact of identifying options relating to changing the Service, especially where options relate to the impact of service delivery, will be challenging. The Authority and the Service is likely to receive intense pressure from internal and external groups including the public, representative bodies and local MP's when options are collated and published.
- 3.2 **Economic** – there is significant risk on the budget at the present time owing to high inflation. This coupled with existing Government policy to restrict council tax increases to 2% may result in the Service not being able to recommend a balanced budget to the Fire Authority for future financial year(s).
- 3.3 **Social** - any options identified that have a negative impact on service delivery will be felt by local communities and may significantly affect our workforce.
- 3.4 **Legal** – there is a risk that without sufficient financial contingency planning, the Chief Finance Officer would have to make a report under Section 114 of the Local Government Finance Act 1988, known as a Section 114 notice, if it appears to them that the expenditure of the Authority in a financial year is

“likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.S114 of the Local Government Finance Act.”

4. Background

- 4.1 Since 2010 the Service, with significant support from the Fire Authority, has spent substantial time and effort reducing the cost of running the Service, cutting circa £7 million from the budget, whilst mitigating the operational impact. Despite the reduction in available finances the Service has streamlined and continued to deliver a good efficient and effective fire and rescue service (evidenced by our HMICFRS Inspection reports).
- 4.2 More recently, significant events including the pandemic, the UK’s departure from the European Union and conflict within Ukraine have resulted in widespread economic uncertainty. This uncertainty, along with the current rate of inflation being experienced, has focussed the Service on preparing business continuity plans for potential financial challenges that it may face. If a pay award is agreed above that budgeted in the current financial year, the Service may have to bring options and recommendations to the Authority later in the financial year in order to finance any pressure.
- 4.3 The Service has commenced preparing for a business continuity event by looking at the structure of each one of its professional support service functions. Each function has been challenged to present alternative options for providing the service that would save money, whilst identifying the potential impact it would have on the service being delivered. As such, it will offer graded options to allow professional support aspects to be shrunk to meet the demands of reduced budgets while still meeting the organisations statutory duties.
- 4.4 The work to identify potential savings for the operational side of the Service has also commenced. Similar to the professional support functions, options for savings will be considered against impact. The Operational Response Review project is currently identifying a suite of options to provide a service with a reduced budget specifically in response to the changing financial situation. The project is also identifying additional options to enhance the efficiency and effectiveness of the Service.
- 4.5 Both the professional support and the operational response reviews will be combined to create the Business Continuity Plan for Financial Contingency and will be constructed over the coming months, with a detailed plan being presented to the Authority. It is important that the organisation prepares for the potential risk and it is further proposed that the plan will be assessed and presented to the Authority on an annual basis moving forward.
- 4.6 Once all work has been complete, the detailed options will be shared with the Authority. The options will clearly seek to mitigate the impact on reducing service levels to the public and as such, options will be ranked based upon the lowest impact. The table below provides an outline of activities and timings.

Activity	Timeline
Professional support service options	Complete
Operational Risk Review	Complete by September 2022
Share initial findings for professional support and Operational Risk Review with Fire Authority	Early October 2022
Finalise business continuity plan with options	Late October 2022
Present business continuity plan to Fire Authority	November 2022
Comprehensive Spending Review announced	November/December 2022
Present budget options and business continuity plan if required	December 2022
Final decision on budget	February 2023

Source Documents

Fire Authority Meetings and Minutes

Location: Hinchingsbrooke Cottage
Brampton Road
Huntingdon

Contact Officer: Matthew Warren matthew.warren@cambsfire.gov.uk 07786 023436